



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
JESSAMINE COUNTY CLERK**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



## **EXECUTIVE SUMMARY**

**EVA L. MCDANIEL,  
JESSAMINE COUNTY CLERK  
CALENDAR YEAR 1999**

### **OPINION AND ADDITIONAL REPORTS**

The Auditor of Public Accounts issued an unqualified opinion of the Jessamine County Clerk's 1999 Fee Audit on March 31, 2000. A report on the consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting was also issued on the same date.

### **ACCOUNTING OF ACTIVITIES**

The financial statement has been prepared on a cash basis of accounting as recommended by the State Local Finance Officer. The excess of receipts over disbursements is the measurement focus of a fee official. Excess fees are normally remitted to the County Treasurer in the subsequent year.

### **INVESTMENT OF EXCESS REVENUE**

The County Clerk invested \$300,000 of collections in a certificate of deposit. The certificate of deposit earned a total of \$9,912 in interest. In addition to interest earned from certificate of deposits, the County Clerk earned \$12,527 of interest from the official fee account

### **PLEDGES OF SECURITIES**

The County Clerk maintained deposits with two institutions insured by the Federal Deposit Insurance Corporation. These institutions pledged appropriate securities as collateral. These securities were evidenced by an agreement signed by the institution and the County Clerk

### **GRANT**

The County Clerk received a \$23,360 grant from the Kentucky Department for Libraries and Archives. This account, in addition to the fee account earned \$237 in interest. The grant stated that the initial amount plus the accrued interest be used in updating the local microfilming within the Clerk's office. Therefore, the \$23,360 grant and \$237 interest earned were not included in calculating the excess fees.

### **COMMENT AND RECOMMENDATION**

There were a substantial number of outstanding checks at December 31, 1999. While reviewing each outstanding check, the auditor noted \$47,790 of the total were checks issued to the County Attorney. The auditor recommended that the County Attorney deposit each check upon receipt.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11





## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable William Cassity, Jessamine County Judge/Executive

Honorable Eva L. McDaniel, Jessamine County Clerk

Members of the Jessamine County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Jessamine County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable William Cassity, Jessamine County Judge/Executive  
Honorable Eva L. McDaniel, Jessamine County Clerk  
Members of the Jessamine County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated March 31, 2000, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 2, 2000



JESSAMINE COUNTY  
EVA L. McDANIEL, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Fees For Services:

Tax Bill Preparation	\$ 13,721	
Registration of Voters	738	
Election Personnel Reimbursement	<u>12,215</u>	\$ 26,674

Fiscal Court:

Fiscal Court Clerk	\$ 6,000	
Election Expense Reimbursement	<u>1,020</u>	7,020

Licenses and Taxes:

Motor Vehicle-		
Licenses and Transfers	\$ 1,139,410	
Usage Tax	7,044,813	
Tangible Personal Property Tax	2,492,535	
Licenses-		
Fish and Game	6,565	
Marriage	14,421	
Deed Transfer Tax	140,387	
Delinquent Tax	<u>255,679</u>	11,093,810

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$ 22,053
Real Estate Mortgages	58,959
Chattel Mortgages and Financing Statements	98,677
Powers of Attorney	2,703
Bail Bonds	357
Leases	162
Liens and Lis Pendens	3,874
Releases	34,843
Miscellaneous Recordings	12,289
Lien Release Fees	8,963
Wills and Estate Settlements	976
Fixture Filing	1,054

Charges for Other Services-

Candidate Filing Fee	200	
Notary Fees	12,701	
Postage	5,023	
Copywork	16,518	
Miscellaneous	<u>97</u>	279,449

JESSAMINE COUNTY  
 EVA L. McDANIEL, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Receipts (Continued)

Other:

Refunds		\$	31,540
---------	--	----	--------

Interest:

Checking			12,844
Certificate of Deposits			9,912
			<hr/>

Gross Receipts		\$	11,461,249
----------------	--	----	------------

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	818,638
------------------------	----	---------

Usage Tax		6,802,441
-----------	--	-----------

Tangible Personal Property Tax		961,437
--------------------------------	--	---------

Licenses-

Delinquent Tax		46,035
----------------	--	--------

Legal Process Tax		<hr/>	\$	8,664,008
-------------------	--	-------	----	-----------

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	192,577
--------------------------------	----	---------

Delinquent Tax		19,939
----------------	--	--------

Deed Transfer Tax		<hr/>		345,884
-------------------	--	-------	--	---------

Payments to Other Districts:

Tangible Personal Property Tax-

Board of Education	\$	923,964
--------------------	----	---------

Library		82,741
---------	--	--------

County Health Department		38,858
--------------------------	--	--------

Fire Department		37,359
-----------------	--	--------

City of Nicholasville		123,186
-----------------------	--	---------

City of Wilmore		24,381
-----------------	--	--------

North Jessamine Fire Department		6,577
---------------------------------	--	-------

JESSAMINE COUNTY  
 EVA L. McDANIEL, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1999  
 (Continued)

Disbursements (Continued)

Payments to Other Districts: (Continued)

Delinquent Tax-

Board of Education	\$	104,960	
Library		8,983	
Health Department		4,049	
Fire Department		2,875	
North Jessamine Fire Department		303	\$ 1,358,236

Payments to Sheriff 6,626

Payments to County Attorney 47,790

Operating Disbursements:

Personnel Services-

Deputies Salaries \$ 396,993

Contracted Services-

Fish and Game 5,219

Supplies and Materials-

Office Supplies 70

Other Charges-

Refunds 78,258

Bank Service Charges 67

Insurance and Bonds 1,758

Dues and Memberships 4,811

Miscellaneous 6,995 494,171

Total Disbursements \$ 10,916,715

Net Receipts \$ 544,534

Less: Statutory Maximum \$ 66,017  
 Training 687 66,704

Excess Fees \$ 477,830

Less: Expense Allowance 3,600

Excess Fees Due County for Calendar Year 1999 \$ 474,230

Payments to County Treasurer - March 15, 2000 \$ 458,896  
 April 18, 2000 15,334 474,230

Balance Due at Completion of Audit \$ 0

The accompanying notes are an integral part of the financial statement.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$23,360. The grant account accumulated \$237 in interest during calendar year 1999 and no funds were expended. The unexpended grant balance is \$23,597 as of December 31, 1999.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable William Cassity, Jessamine County Judge/Executive  
Honorable Eva L. McDaniel, Jessamine County Clerk  
Members of the Jessamine County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Jessamine County Clerk as of December 31, 1999, and have issued our report thereon dated May 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Jessamine County Clerk's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jessamine County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable William Cassity, Jessamine County Judge/Executive  
Honorable Eva L. McDaniel, Jessamine County Clerk  
Members of the Jessamine County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 2, 2000

